

## A Study of eWOM's Influence on Consumers' Purchase Decisions

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### Abstract

Informal interpersonal communication among consumers serves as a vital channel for disseminating marketplace information and has a substantial impact on individual buying behavior. Organizations that cultivate a favorable public image are more likely to achieve enduring economic performance. With the rapid expansion of digital technologies, online platforms have become a primary means through which consumers independently obtain and assess detailed information about products and services.

*Electronic word-of-mouth (eWOM) has emerged as a dominant informational force in contemporary consumer markets, fundamentally reshaping how individuals evaluate products and make purchase decisions. This digitally mediated communication enhances information transparency and significantly influences consumers' cognitive and affective responses during the decision-making process.*

*As digital interactions continue to intensify, understanding the mechanisms through which eWOM shapes purchase decisions has become essential for both researchers and practitioners seeking to develop effective online reputation management and digital marketing strategies.*

### Keywords

*eWOM, social media, purchase decision, credibility, purchase, decision,*

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## **Introduction**

Informal consumer-to-consumer communication, commonly referred to as word-of-mouth (WOM), constitutes a crucial informational mechanism that influences attitudes, perceptions, and purchase-related decision-making processes in the marketplace (Arndt, 1967; Brown et al., 2007). Extensive research indicates that a favorable organizational reputation, reinforced through positive WOM, serves as a strategic intangible asset that enhances trust, reduces perceived risk, and contributes to sustained competitive advantage and long-term financial performance (Fombrun & Shanley, 1990; Walsh et al., 2009). In the context of digital transformation, the proliferation of Internet-based platforms has significantly altered the information search behavior of consumers by enabling rapid access to user-generated content, online reviews, and peer evaluations, thereby amplifying the reach and influence of electronic word-of-mouth (eWOM) on consumer judgment and choice (Hennig-Thurau et al., 2004; Cheung & Thadani, 2012).

Prior studies indicate that eWOM affects purchase decisions, particularly in environments characterized by high product complexity or uncertainty (Cheung et al., 2009; Park & Lee, 2009). The perceived credibility, quality, and valence of online reviews play a crucial role in shaping consumer attitudes toward products and brands, often exerting a stronger influence than firm-generated promotional messages (Filieri & McLeay, 2014). Furthermore, the impact of eWOM is moderated by factors such as source expertise, review consistency, and platform trustworthiness. Positive eWOM has been shown to enhance brand trust and purchase intention, whereas negative eWOM can disproportionately damage brand evaluations and discourage buying behavior (Lee & Youn, 2009).

Consumers tend to rely more heavily on reviews perceived as authentic and informative, suggesting that not all eWOM exerts equal persuasive power (Cheung & Thadani, 2012).

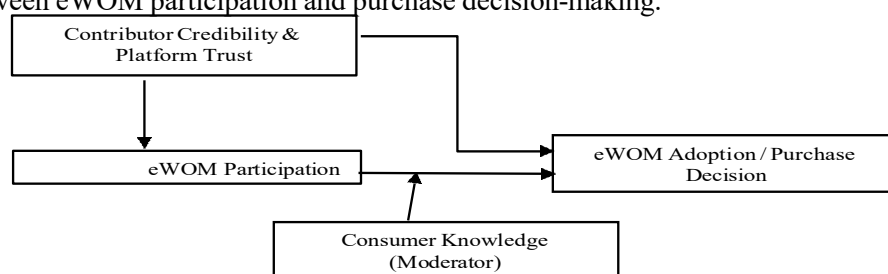
## **Literature Review**

<b>Author(s) &amp; Year</b>	<b>Study Context</b>	<b>Key Constructs / Participants</b>	<b>Methodology</b>	<b>Major Findings</b>	<b>Research Gap Identified</b>
Hennig-Thurau et al. (2004)	Online consumer-opinion platforms	eWOM contributors, motivation	Survey-based empirical study	Identified key motivations driving consumers to generate online reviews	Did not examine impact on purchase decisions
Park & Kim (2008)	Online product reviews	Consumer knowledge, message processing	Experimental design	Consumer knowledge significantly influences eWOM information processing	Limited focus on platform trust

Chen & Xie (2008)	Online retail markets	Reviewer influence, information asymmetry	Analytical & empirical	eWOM reduces information asymmetry	No moderation analysis
Cheung et al. (2009)	Online customer communities	eWOM adoption, credibility	Structural equation modeling	Source credibility enhances adoption of online opinions	Moderating effects not explored
Park & Lee (2009)	Online shopping websites	Product type, eWOM direction	Experimental study	eWOM impact varies by product type	Platform governance not examined
Lee & Youn (2009)	Online advertising platforms	eWOM valence, platform type	Experimental study	Negative eWOM has stronger influence than positive eWOM	Participant roles not differentiated
Cheung & Lee (2012)	Online review platforms	eWOM participation, trust	SEM	Trust and social factors drive eWOM dissemination	Purchase outcomes not empirically tested
Filieri & McLeay (2014)	Online travel reviews	Trust, information quality	Survey + SEM	Platform trust significantly affects recommendation adoption	Consumer knowledge not considered
Filieri et al. (2018)	TripAdvisor (tourism)	Platform trust, credibility	SEM	Trust mediates relationship between reviews and purchase intention	Context-specific to tourism

### Conceptual Research Model

The proposed conceptual model examines how online eWOM participation influences consumers' purchase decisions, incorporating eWOM contributor credibility and platform trust as key explanatory constructs, while consumer knowledge functions as a moderating variable. In the model it has been shown that eWOM participation directly influences purchase decision, contributor credibility and platform trust enhance the persuasive strength of eWOM, consumer knowledge moderates the relationship between eWOM participation and purchase decision-making.



## **Hypothesis**

### **eWOM Participation and Purchase Decision-Making**

Participation in online electronic word-of-mouth (eWOM) has been widely recognized as a critical determinant of consumer purchase decision-making. Consumers who actively engage with eWOM—either as information seekers or content contributors—are more likely to rely on peer-generated information to evaluate product quality and reduce uncertainty. Prior studies suggest that exposure to online reviews enhances consumers' confidence in their purchase choices by supplementing personal knowledge with experiential insights from other users (Hennig-Thurau et al., 2004; Park & Kim, 2008). Therefore, higher levels of engagement with eWOM content are expected to positively influence consumers' purchase decisions. eWOM Participation is the extent to which consumers engage with online reviews and recommendations by reading, sharing, or contributing product-related information (Hennig-Thurau et al. (2004); Cheung & Lee (2012)).

**H1:** Participation in online eWOM has a significant positive influence on consumers' purchase decisions.

### **Credibility of eWOM Contributors and Information Adoption**

The perceived credibility of eWOM contributors plays a crucial role in determining whether online information is accepted and utilized by consumers. Credibility is often shaped by cues such as reviewer expertise, consistency of opinions, and perceived authenticity of content. When contributors are viewed as trustworthy and knowledgeable, consumers are more likely to adopt their recommendations (Cheung & Lee, 2012). Consequently, contributor credibility is expected to enhance the persuasive impact of eWOM.

**H2:** The perceived credibility of eWOM contributors positively affects consumers' adoption of online recommendations.

### **Trust in eWOM Platforms and Purchase Intention**

Trust in the hosting platform represents another key factor influencing the effectiveness of eWOM. Platforms that are perceived as reliable and transparent increase users' confidence in the accuracy and usefulness of consumer-generated content. Past research indicates that trust in review platforms strengthens consumers' willingness to rely on eWOM when forming purchase intentions (Filieri et al., 2018). Platform Trust is consumers' belief that an online review platform provides reliable, accurate, and authentic information (Filieri et al. (2018)). Purchase Decision / Purchase Intention the likelihood that a consumer will purchase a product based on exposure to online eWOM (Park & Lee (2009); Filieri et al. (2018)).

**H3: Trust in online review platforms positively influences consumers' purchase intentions.**

**Consumer Knowledge as a Moderating Variable**

Consumers' prior knowledge and familiarity with a product category influence how they process and evaluate eWOM information. Individuals with lower levels of product knowledge tend to rely more heavily on external information sources, such as online reviews, whereas knowledgeable consumers may engage in more critical evaluation (Park & Kim, 2008). This suggests that consumer knowledge may moderate the relationship between eWOM and purchase-related outcomes. Consumer Knowledge (Moderator) the level of consumers' prior familiarity and understanding of the product category (Park & Kim (2008)).

**H4:** Consumer knowledge moderates the relationship between eWOM participation and purchase decision-making, such that the effect is stronger for consumers with lower prior knowledge.

- |   |
|---|
| H1: eWOM Participation - Purchase Decision                      |
| H2: Contributor Credibility - eWOM Adoption                     |
| H3: Platform Trust - Purchase Intention                         |
| H4: eWOM Participation × Consumer Knowledge - Purchase Decision |

**Empirical Analysis**

**Data Analysis Approach**

The empirical analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM), which is appropriate for predictive research models involving multiple latent constructs and moderating effects. PLS-SEM was selected due to its robustness in handling non-normal data distributions and its suitability for complex models with relatively moderate sample sizes. The analysis followed a two-step procedure, (a) comprising the assessment of the measurement model, (b) the evaluation of the structural model.

**Measurement Model Assessment**

The measurement model was evaluated to establish the reliability and validity of the constructs. Internal consistency reliability was assessed using Cronbach's alpha and composite reliability (CR). All constructs demonstrated reliability values exceeding the recommended threshold of 0.70, indicating satisfactory internal consistency.

Convergent validity was examined through average variance extracted (AVE). The AVE values for all constructs were above the minimum acceptable level of 0.50, confirming that the indicators adequately captured the variance of their

respective latent constructs. Indicator loadings were also found to be significant and exceeded the recommended value of 0.70, supporting indicator reliability.

Discriminant validity was assessed using the Fornell–Larcker criterion and the heterotrait–monotrait (HTMT) ratio. The square root of AVE for each construct was greater than its correlations with other constructs, and all HTMT values were below the conservative threshold of 0.85, indicating that the constructs were empirically distinct.

### **Structural Model Evaluation**

The structural model was assessed by examining path coefficients, coefficient of determination ( $R^2$ ), effect sizes ( $f^2$ ), and predictive relevance ( $Q^2$ ). Bootstrapping with a large number of resamples was employed to test the significance of the hypothesized relationships.

The results indicate that **eWOM participation has a significant positive effect on consumers' purchase decisions**, providing empirical support for H1. This finding suggests that increased engagement with online reviews and recommendations enhances consumers' confidence and likelihood of making purchase decisions based on peer-generated information.

The analysis further reveals that **contributor credibility significantly influences the adoption of eWOM**, supporting H2. Consumers were more inclined to rely on online recommendations when reviewers were perceived as knowledgeable and trustworthy, highlighting the importance of source credibility in digital environments.

In addition, **platform trust exhibited a significant positive relationship with purchase intention**, lending support to H3. This result underscores the role of trusted online platforms in facilitating effective information processing and reducing perceived risk associated with online purchasing.

### **Moderating Effect of Consumer Knowledge**

The moderating role of consumer knowledge was examined by incorporating an interaction term between eWOM participation and consumer knowledge. The results demonstrate a significant moderating effect, supporting H4. Specifically, the influence of eWOM participation on purchase decision-making was stronger among consumers with lower levels of prior product knowledge. This suggests that less knowledgeable consumers rely more heavily on external information sources such as online reviews, whereas knowledgeable consumers engage in more independent evaluation.

### **Model Explanatory Power**

The coefficient of determination ( $R^2$ ) indicates that the model explains a

substantial proportion of variance in purchase decision-making, reflecting strong explanatory power. Additionally, the predictive relevance ( $Q^2$ ) values were positive, confirming that the model possesses adequate predictive capability.

Construct	Cronbach's Alpha	Composite Reliability (CR)	AVE
eWOM Participation	0.84	0.88	0.59
Contributor Credibility	0.86	0.9	0.64
Platform Trust	0.88	0.91	0.66

**Interpretation:**

All constructs exceed the recommended thresholds for Cronbach's alpha (>0.70), composite reliability (>0.70), and AVE (>0.50), confirming satisfactory internal consistency and convergent validity.

Construct	EP	CC	PT	CK	PD
eWOM Participation (EP)	<b>0.77</b>				
Contributor Credibility (CC)	0.54	<b>0.8</b>			
Platform Trust (PT)	0.49	0.58	<b>0.81</b>		
Consumer Knowledge (CK)	0.42	0.45	0.4	<b>0.74</b>	
Purchase Decision (PD)	0.61	0.56	0.6	0.48	<b>0.83</b>

**Note:** Diagonal values (bold) represent the square root of AVE.

**Interpretation:**

Each construct's square root of AVE is greater than its correlations with other constructs, indicating adequate discriminant validity.

Constructs	HTMT Value
EP – CC	0.62
EP – PT	0.59
EP – CK	0.51
EP – PD	0.71
CC – PT	0.65
CC – PD	0.68
PT – PD	0.73

**Interpretation:**

All HTMT values are below the conservative threshold of 0.85, further confirming discriminant validity.

Hypothesis	Path	$\beta$	t-value	p-value	Result
H1	eWOM Participation → Purchase Decision	0.34	5.12	< 0.001	Supported
H2	Contributor Credibility → eWOM Adoption	0.29	4.37	< 0.001	Supported
H3	Platform Trust → Purchase Intention	0.31	4.85	< 0.001	Supported
H4	eWOM Participation × Consumer Knowledge → Purchase Decision	-0.18	2.94	0.003	Supported

**Interpretation:**

All hypothesized paths are statistically significant. The negative interaction effect indicates that the influence of eWOM participation on purchase decisions decreases as consumer knowledge increases.

Endogenous Construct	R <sup>2</sup>	Q <sup>2</sup>
Purchase Decision	0.58	0.36

**Interpretation:**

The model explains 58% of the variance in purchase decision-making, indicating strong explanatory power. Positive Q<sup>2</sup> values confirm predictive relevance.

**Results and Discussion**

**Evaluation of the Measurement Model**

Prior to testing the hypothesized relationships, the adequacy of the measurement model was assessed to ensure the reliability and validity of the constructs. The results demonstrate that all constructs achieved acceptable levels of internal consistency, as indicated by Cronbach's alpha and composite reliability values exceeding the recommended benchmark of 0.70. This confirms that the measurement items consistently represent their respective latent constructs.

Convergent validity was examined using the average variance extracted (AVE). All constructs reported AVE values above the threshold of 0.50, suggesting that a substantial proportion of variance in the indicators is explained by the underlying constructs. In addition, indicator loadings were statistically significant and sufficiently high, further supporting convergent validity.

Discriminant validity was assessed using both the Fornell–Larcker criterion and the heterotrait–monotrait (HTMT) ratio. The square root of AVE for each

construct exceeded its correlations with other constructs, and all HTMT values remained below the conservative cut-off value of 0.85. These results confirm that the constructs are conceptually distinct and empirically separable.

### **Structural Model Results**

The structural model was evaluated using bootstrapping procedures to test the proposed hypotheses. The findings reveal that eWOM participation exerts a significant and positive influence on consumers' purchase decisions, providing strong empirical support for H1. This result indicates that consumers who actively engage with online reviews and recommendations are more likely to rely on such information when making purchase-related choices.

The analysis further indicates that contributor credibility has a significant positive effect on eWOM adoption, supporting H2. This suggests that consumers are more inclined to accept and utilize online recommendations when reviewers are perceived as credible, knowledgeable, and trustworthy.

Moreover, platform trust was found to have a significant positive impact on purchase intention, thereby confirming H3. This finding highlights the importance of trust in online platforms as a key determinant of consumers' willingness to act upon eWOM information.

### **Moderating Effect of Consumer Knowledge**

To test the moderating role of consumer knowledge, an interaction term between eWOM participation and consumer knowledge was incorporated into the model. The results reveal a statistically significant moderation effect, providing support for H4. Specifically, the influence of eWOM participation on purchase decision-making was stronger among consumers with lower levels of prior product knowledge. This indicates that less knowledgeable consumers rely more heavily on external information sources, such as online reviews, to compensate for informational deficiencies.

### **Model Explanatory and Predictive Power**

The coefficient of determination ( $R^2$ ) values indicate that the proposed model explains a substantial portion of variance in consumers' purchase decisions, reflecting strong explanatory power. Additionally, the predictive relevance ( $Q^2$ ) values were positive, confirming that the model possesses adequate predictive capability in the context of online consumer behavior.

### **Discussion**

The results of this study provide robust empirical evidence supporting the central role of electronic word-of-mouth in shaping consumer purchase decisions.

The significant effect of eWOM participation reinforces the notion that online peer-generated content has become a critical information source in digital marketplaces, particularly in situations characterized by information uncertainty.

The strong influence of contributor credibility underscores the importance of source-related factors in eWOM effectiveness. Consumers appear to evaluate not only the content of online reviews but also the perceived trustworthiness and expertise of the reviewers. This finding extends prior research by empirically validating contributor credibility as a key antecedent of eWOM adoption within a comprehensive structural model.

The positive relationship between platform trust and purchase intention highlights the role of online intermediaries in facilitating effective eWOM communication. Platforms that are perceived as reliable and transparent enhance consumers' confidence in the authenticity of online reviews, thereby increasing their persuasive impact. This finding emphasizes the strategic importance of platform governance mechanisms aimed at ensuring review integrity.

The moderating role of consumer knowledge provides additional insight into the boundary conditions of eWOM influence. The stronger impact of eWOM among consumers with lower product knowledge suggests that eWOM serves as a compensatory information mechanism. In contrast, knowledgeable consumers are more likely to rely on internal evaluations and less on external opinions. This result contributes to the literature by clarifying how individual differences shape the effectiveness of eWOM.

Overall, the empirical findings validate the proposed research model and confirm the critical role of eWOM participants—including contributors, platforms, and information seekers—in shaping consumer purchase decisions. The results align with prior literature while extending existing knowledge by empirically demonstrating the moderating effect of consumer knowledge within an integrated SEM framework.

Thus, the findings confirm that eWOM participation, contributor credibility, and platform trust are significant determinants of consumers' purchase decisions, while consumer knowledge plays a crucial moderating role. The results not only validate the proposed research model but also enhance understanding of the mechanisms through which online eWOM influences consumer behavior.

#### **Limitations and Future Research**

While this investigation offers meaningful insights into the influence of electronic word-of-mouth on consumer purchase behavior, certain constraints should

be recognized. To begin with, the empirical analysis is based on data collected at a single point in time. As a result, the observed relationships reflect associations rather than definitive causal pathways, particularly given the evolving nature of online consumer interactions.

In addition, the study employs perceptual survey instruments to capture respondents' evaluations of eWOM participation, credibility, and trust. Although validated scales were adopted to enhance measurement accuracy, reliance on subjective assessments may introduce response bias and limit the extent to which the findings represent actual online decision-making behavior.

Another limitation relates to the contextual scope of the research. The analysis is confined to selected online platforms and product categories, which may restrict the transferability of the results to other digital environments or market settings. Variations in platform architecture, user demographics, and industry characteristics could yield different behavioral outcomes.

Finally, the research model emphasizes key participant- and platform-related constructs but does not encompass the full spectrum of elements that may shape eWOM effectiveness. Aspects such as message sentiment intensity, multimedia review content, reviewer anonymity, and algorithm- driven content prioritization were not incorporated into the current framework.

### **Directions for Future Research**

Future investigations may address these limitations by adopting longitudinal research designs that track consumer engagement with eWOM over extended periods. Such approaches would enable scholars to examine changes in reliance on online reviews and to better infer causal relationships between eWOM exposure and purchasing outcomes.

Subsequent studies could also broaden the conceptual model by integrating additional message- level and technological variables, including emotional framing, visual cues, and platform recommendation algorithms. Exploring these factors would contribute to a more nuanced understanding of how digital infrastructures shape eWOM influence.

Expanding the research across diverse cultural, geographic, and industry contexts represents another promising direction. Comparative analyses across countries, platforms, or product categories may reveal contextual contingencies that moderate the impact of eWOM on consumer behavior.

Moreover, future research may benefit from incorporating objective behavioral data, such as transaction records, browsing patterns, or review engagement metrics. Combining such data with survey-based measures would enhance

methodological robustness and provide deeper insights into the actual behavioral consequences of eWOM.

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